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Company Actors on the Look Out for New Compromises
Developing GERPISA's New Analytical Schema

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**BETWEEN CENTRALISATION AND DECENTRALISATION OF PRODUCT
DEVELOPMENT COMPETENCIES: RECENT TRAJECTORY CHANGES IN
BRAZILIAN SUBSIDIARIES OF CAR ASSEMBLERS¹**

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The proposal of this paper is to make an ample reflection about the perspectives for the growth of the Brazilian Automotive Engineering (BAE). The main question is: is there a possibility that the BAE become one important player in terms of knowledge and technological capabilities inside the global strategies of the multinational car assemblers? Which are the factors that intervene in this context?

Firstly, to thinking about the prospect concerning technological innovation led by subsidiaries of carmakers in Brazil requires the understanding of the strategies and performance of these companies internationally which must be interpreted in interaction with the particularities of the local market.

Among other trends, the predominant concept in automobile industry is the use of world-wide platforms, that is, a set of components and systems physically connected which form a common base. Under the platform, series of differentiated vehicles can be constructed. The propose of the concept of platform is to prevent the duplication of efforts and activities in more than one region or country.

Notwithstanding the fact that this is a global concept, there is always the necessity of some adaptation according to the specific demands of the final market. The platform and the basic characteristic of the car need to be adequate and appropriated according to the

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price, the consumer tastes, the environment and country's regulations, the road characteristics, etc.

Such adaptations involve varied complexity degrees, from simple modifications which do not demand an elaborated work of engineering to the construction of derivatives and go even substantial modification of the original projects of platforms, with focus in specific markets. The question is to know which site will be responsible for the development of these activities: either the headquarter of the assembly plant (and its major centre of P&D) or if such tasks will be under the responsibility (partial or total) of subsidiaries.

Based on interviews carried out in almost all carmaker subsidiaries located in Brazil (the brownfield GM, FORD, Volkswagen, FIAT and the greenfield Toyota, Renault, PSA Group and Daimler Chysler) the paper argues that the Brazilian automobile industry is mostly devoted to product and process adaptation, with a recent tendency for increasing new product development. However, there are distinct trajectories and product strategies between the main assemblers in terms of their global strategies and their implications for the Brazilian context.

Some firms have been adopting product policies oriented towards emerging markets, associated with partly de-centralized global strategies. Consequently, the local engineering teams have been working more integrated with the major R&D centers abroad, in new product development. This has contributed to increasing the status and the budget of the local R&D center. This is clearest in the trajectory of General Motors and Fiat's subsidiaries.

Other affiliates have adopted the opposite direction, less concern with specific products and platforms for emerging markets and a centralized strategy of product development. The latter strategy has led firms to downgrading their product development activities and R&D area in the country. In the case of the greenfield plants, probably the construction of the local engineering unit and the R&D centre will take a long time come to be a reality in Brazil.

The conclusion of this paper is that these distinct trajectories identified among the Brazilian carmakers have very different implications for the building of competencies in product development in Brazil.